



# Change Management

## About this Topic: Change Management



### Topic Mentor

#### Linda A. Hill

From her more than 20 years of extensive field work, Professor Linda A. Hill has helped managers create the conditions for effective management in today's flatter and increasingly diverse organizations. She is a professor and Chair of the Leadership Initiative at Harvard Business School. She is also the author of the best-selling *Becoming a Manager* (Harvard Business School Press), now out in paperback. Linda served as the content expert for *Coaching for Results* and *Managing Direct Reports*, two award-winning interactive programs from Harvard Business School Publishing. She also served as a mentor for many Harvard ManageMentor topics.

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## Tools

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## What Would You Do?

### What would you do?

For ten years, New Brew Coffee was a privately run company. The long-standing culture was laid-back, informal, and nonhierarchical. Last year, New Brew went public and everything changed. New people were hired, new policies and procedures were put in place, and new goals were established. Veteran employees were having a tough time dealing with all the changes. When Debra, a new manager, asked all departments to submit detailed weekly reports, she encountered significant resistance. Debra couldn't understand why: Didn't they see that going public would require more efficient and transparent record keeping? How could Debra establish an effective record keeping system in a culture that resisted formal structures?

What would you do?

To get everyone on the right track, Debra might have spoken with each of the departments to better understand how they currently keep records within their groups and share information with others in the company. She then might have explained the need for greater accountability and asked them for suggestions on how to improve existing practices. Next, Debra might have framed the new plan as an experiment—one that would be modified over time in response to feedback. By asking for input and agreeing to modify the trial plan, Debra would have enlisted the help of the groups in improving record keeping and reaching her desired outcome.

In this topic, you'll learn how to deal constructively with change and position change as an opportunity for experimentation and growth.

Change can be exciting, but it can also be daunting. How can you ensure your business unit embraces change and prepares for successful transitions?

## Topic Objectives

This topic helps you:

- Recognize the different types of change programs observed in organizations
- Prepare your unit or group to become change-ready
- Understand a systematic approach for creating and implementing change
- Recognize the importance of communicating throughout all phases of a change effort
- Understand and address people's reactions to change
- Take care of yourself during a change program

## Key Idea: Types of change

### Key Idea

In order to respond to the challenges of new competitors, markets, and technologies, organizations must undergo continual change. Some change programs are strategic in nature, while others are more operational. Some are radical and take place only once; others are more incremental, purposefully paced to promote continuous improvement and stability.

Change programs can take many forms. Generally, these programs fall into the following categories:

- **Structural change.** These programs attempt to reconfigure the organization in order to achieve greater overall performance. Examples include mergers, acquisitions, consolidations, divestitures, promotions, layoffs, or the arrival of a new leader.
- **Cost-cutting change.** These programs focus on the elimination of nonessential activities or on other methods for squeezing costs out of operations—for example, headcount, expense, capital, or unit cost reductions; outsourcing; partnering; creating industry alliances; or negotiating long term vendor contracts.
- **Process change.** These programs concentrate on altering how things get done. Examples include reengineering a process or introducing a new technology.

- **Cultural change.** These programs focus on a company's operating values, norms of behavior, and the relationship between its management and employees. Shifting from command-and-control to participative management or reorienting a company from an inwardly focused "product push" mentality to an outward-looking customer focus are examples of cultural change.
- **Strategic purpose change.** These initiatives attempt to reinvent an organization by changing its strategic intent, core purpose, or mission. Examples include shifting from selling individual products to selling complete solutions that add value for the customer or expanding from local to global markets.

Is change headed your way? Change can take many forms and affect every part of your organization.

## Sources of change

While external forces, such as an economic downturn or the introduction of new legislative laws, can cause a company to change, most changes that occur within an organization are typically generated from within. Managers at all levels in an organization can and do initiate change. Frontline managers, for example, may implement a new technology, mid-level managers may create a plan to reduce costs, and senior managers may merge the company with another organization.

Change is almost always disruptive and, at times, traumatic. Because of this, many people try to avoid it. Nevertheless, change is part of organizational life and essential for progress. Accepting the necessity and inevitability of change enables managers to see times of transition not as threats, but as opportunities—opportunities for reinventing their companies and themselves. Managers who approach change with an open mind and focus on its positive elements find ways to motivate others and harness enthusiasm for further progress.

## Characteristics of effective managers of change

“What lies behind us and what lies before us are tiny matters compared with what lies within us.”

—Oliver Wendell Holmes

Whether managers are asked to carry out a change program initiated by senior management or create a change program within their unit or group, successful managers of change share these common characteristics:

- Are accepted by others as trustworthy and competent
- Have a big-picture perspective—they understand the long-range strategy for their organization and unit
- Have a clear, compelling vision of the change they want
- Can articulate what the change is, why it is necessary, and how it will benefit both employees and the organization
- Can identify the people who can make the change a reality and determine how to get their support and cooperation
- Are able to align and engage team members and stakeholders
- Can motivate others to achieve the change vision
- Can see opportunities and diagnose problems from their audience's perspective

- Are able to eliminate barriers that interfere with the change initiative

Although it is impossible to anticipate every change effort, the likelihood of change is something managers can count on—and plan for. Managers who know how to anticipate, catalyze, and manage it will find their careers, and their experience in their companies, more satisfying and successful.

## Leadership Insight: Live the vision

When changing a culture in a company, when you're trying to introduce visions, values, behaviors — a lot of companies do this but it lacks authenticity because the senior management doesn't believe it. It's something they feel they have to do.

I urge anybody who is embarking on change in a company that it has to be for real. This has to be authentic. It has to be that the senior management lives it on a day to day.

So when in meetings, they will quote the behavior or the vision or the values and what you stand for, because if you don't make it real in an organization, why would staff make it any more real or want to believe it either?

People can get a bit embarrassed by that and not want to mention it, and just think, "Well, we've written that and it goes in the bottom drawer, and forget about it, and now we get on with the business." The business of culture is what a business is. It is what it stands for. It's the very fabric that binds together an organization.

So then you could think, "Well, we've got the vision. I talk about the vision and values." But it also comes down to the small things. If the small things aren't right, a company quickly unravels.

Simply, that walking down a corridor and there's a piece of trash on the floor, I'll stoop down, pick it up, and throw it out, because it's as important how we live together as an organization in the little things as it is the big things. Because if the little things aren't joined up, where those things are taken care of, then if things go wrong at a big level, the small things will completely undermine the organization.

And it's that amount of seriousness of purpose that really binds together an organization in its purpose, and everybody can see it's for real.

For a successful transformation, managers must live and breathe the change they encourage.

### Neil Gaydon CEO, Pace Plc.

Neil Gaydon is Chief Executive Officer at Pace Plc., one of the world's leading developers of digital television technology for the pay TV industry. Pace is the world leader in high-definition set-top box technology and a key player in the move toward technology convergence for entertainment throughout the home.

Neil joined Pace's board of directors in 2002 and was appointed CEO in 2006. In 2008 he led the company through the acquisition of Royal Philips Electronics, a set-top box business, doubling the company's size.

During his time at Pace, Neil also served as Director of Worldwide Sales and Marketing and President of Pace Americas, establishing the group's U.S. operations.

Prior to working at Pace, Neil spent over 12 years as a Senior Executive in the hi-fi industry. He is also active in the local community as a board member of the Bradford City of Film.

## Key Idea: The change-ready organization

### Key Idea

For an organization to successfully implement change, it must be change-ready—meaning that the people and structure of the organization are prepared for and capable of change. How do you know when an organization is change-ready? Typically, three conditions are present:

- **First, effective leadership is in place at all levels in the organization.** Inept leaders are deterrents to organizational performance and ability to change. A company may have excellent pay, benefits, and employee-friendly policies, but if incompetent leaders are in place, its employees will not be motivated to change.
- **Second, employees are personally motivated to change.** Change happens when people are sufficiently dissatisfied with the status quo and are willing to make the effort and accept the risks involved in doing something new.
- **Third, the organization is accustomed to working collaboratively.** Effective change demands collaboration between willing and motivated parties.

Some organizations are more ready for change than others. How do you know if *your* organization is change-ready?

## Prepare your group for change

If you manage a business unit or group, there are certain steps you can take to help your organization become change-ready:

### 1. Encourage participative work within your unit.

Develop more participative approaches to how everyday business is handled. Specifically:

- Push decision making down to lowest levels possible. Allowing others to make informed decisions, rather than imposing your own, increases the group's perception of their own effectiveness—and yours.
- Share information freely. Information is the lifeblood of any organization. During times of change, getting and disseminating information is critical to operating effectively, flexibly, and quickly.
- Make communication a two-way process—talk but also listen, especially to people who are resistant to change.
- Get into the trenches with frontline employees to better understand the day-to-day issues that they face.

- Give people practice in collaborative work between functions by tackling problems and assigning projects through cross-functional teams.
- Help people see the "why" of change.

## 2. Give your employees a voice.

Employees who can freely express their ideas will feel more empowered to act. Encourage people to openly discuss their thoughts and feelings about the change program. Work to understand resistance by exploring their concerns and by taking their feelings seriously. When people believe their voice counts, they are more apt to mobilize for change.

## 3. Drive fear out of your group.

An organizational culture dominated by fear is incapable of serious change. Fear encourages everyone to avoid risks, become internally focused, and stop communicating. In addition, fear costs organizations real money in the form of increased absenteeism, reduced productivity, and diminished quality of products and services.

While managers should aim to reduce fear, they should not deny the challenging aspects of the change itself—nor should they minimize the intensity of employees' reactions to it. Managers should openly acknowledge employees' concerns and work with them to support and embrace the change initiative.

Once an organization is primed for transition, a change initiative can be rolled out.

## Activity: Manage resistance to change

Resistance to change is an all-too-common obstacle facing managers. Practice choosing strategies to manage resistance to change.

Brian is an inventory process improvement manager at SaveMart, a large retailer. SaveMart recently decided to adopt new shipment-tracking software that promises to increase efficiency in receiving and decrease shipping times. Brian is surprised to learn that employees in SaveMart's stores opposed the software change, despite its potential advantages.

What step should Brian take at this point?

- ☐ Ask store managers to collect comments and concerns about the proposed change from employees and to share with Brian any responses that the managers consider most legitimate

**Not the best choice.** It's true that employees should be given a voice to discuss their reactions to the proposed change, both positive and negative. However, the full range of people's concerns and opinions should be communicated to Brian, rather than just the issues that store managers consider legitimate.

- ☐ Visit stores and speak directly with employees who have objections and concerns regarding the proposed new software

**Correct choice.** By visiting stores and speaking to resisters in person, Brian allows his employees the opportunity to voice their concerns to a decision maker and participate in an open dialogue. When people feel heard by a decision maker, they're more likely to consider a proposed change.



- ☐ Write a memo to all employees assuring them that the benefits of the change far outweigh the short-term inconvenience of adopting the new system

**Not the best choice.** By taking this action, Brian would be ignoring employees' legitimate concerns. As a result, they would be less likely to support the proposed initiative.

After speaking with several employees, Brian discovers that many of their objections relate to the use of new technology that will interface with the new software. SaveMart demands specific performance on certain order-processing time metrics as a condition of employment. Employees are hesitant to take the time to learn a new technology when they know they can meet the required performance using the old process.

How should Brian respond to these concerns?

- ☐ Prove the efficiency of the new software with a demonstration of the new technology

**Not the best choice.** The new software's efficiency is the reason for its adoption. However, this approach does not address resisters' concerns that taking time to learn the new technology will prevent them from maintaining their production quotas.

- ☐ Ask employees to participate in a study to determine whether production quotas should be adjusted during the training period for the new technology

**Correct choice.** By taking this action, Brian explicitly acknowledges employees' fears about meeting their production quotas and demonstrates that he's taking those fears seriously. This action will thus help him eventually mobilize these employees to embrace the proposed change.

- ☐ Acknowledge the difficulty in learning the new technology and the pressures of the job performance metrics while emphasizing the efficiency gains the new software will provide

**Not the best choice.** Although Brian explicitly acknowledges employees' fears, with this action he seems to be trying to minimize the legitimacy of their concerns. Therefore, this step will not likely help him overcome resistance to the proposed change.

While observing employees struggling with the new shipping process, Brian discovers that the technology limits people's ability to enter certain types of orders that can be handled more smoothly with the old process. Indeed, many employees are resorting to the old process to fill these orders.

How should Brian address the difficulties employees are facing in the practical implementation of the new process?

- ☐ Propose to upper management that the order-fulfillment workforce be divided into two parts. One part will specialize in the traditional shipping process; the other, in the new process

**Not the best choice.** If Brian took this action, he would be passing this decision back up the management chain, taking authority out of the hands of the people using the processes in question. By removing decision making power from employees, Brian risks causing employees to conclude that they are not perceived as effective or valued.



☐ Allow employees the discretion to decide to use the traditional shipping process when taking this action makes the most sense

**Correct choice.** By pushing decision-making authority down to the employee level, Brian encourages people to take an active role in promoting the new process change when it improves their efficiency. He also encourages them to think for themselves rather than passively waiting for direction.

☐ Establish a new policy that prescribes the most efficient process to be used for each type of order

**Not the best choice.** Imposing a new policy will only cause employees to conclude that Brian does not view them as effective or as able to think for themselves.

## Key Idea: Process overview

### Key Idea

Is there a formula to ensure the success of a change initiative? Many organizations wish there was, but launching a change program is not that easy. Barriers to change abound—poor leadership, lack of collaboration and teamwork, paralyzing company politics, and fear of the unknown are just a few examples. To overcome these barriers, and to make a change strategy successful, managers typically follow these six steps:

1. First, mobilize energy and commitment by identifying business problems and solutions.
2. Next, develop and communicate a shared vision of the change program.
3. Then, identify the leadership.
4. Then, create near-term wins by focusing on results, not activities.
5. Next, institutionalize success through formal processes, systems, and structures.
6. Finally, monitor and adjust strategies in response to problems in the change process.

There's no formula for a smooth change process, but successful managers follow these six steps.

## Mobilize energy

You mobilize energy and commitment by identifying business problems and solutions.

The starting point of any effective change effort is a clear definition of the business problem. Problem identification answers the most important question employees will ask: Why must we undergo change? The answer lays the foundation for motivating all employees in an organization, and thus must be convincing.

Informing people why change must occur is essential not only for its motivating potential, but also because of the sense of urgency it creates. Simply put, change won't happen without urgency. People will not grapple with the pain and extra work associated with a serious change effort unless they are

genuinely convinced that maintaining the status quo is more dangerous than striking out on a new path.

After defining the business problem, the next step is to develop a solution to it. A set of alternatives should be generated and then evaluated against the objectives of the change initiative.

While identifying the business problem and its possible solutions are a must, *how* they are identified is equally important. Motivation and commitment to change are greatest when employees—especially those who will be most affected by the change effort—are involved in identifying the problem and planning its solution. Failure to involve key employees in these processes typically results in two serious errors: The problem is improperly defined and the solution is too narrowly drawn.

## Leadership Insight: Setting the stage for change

Julie Morath was the chief operating officer of Children's Hospital and Clinics in Minneapolis-St. Paul. She led a very ambitious patient safety change initiative. Her aspiration was to make the hospital 100 percent safe for patients. And she had a very comprehensive and thoughtful program lined up, which I think is one of the best examples I've seen of comprehensive organizational change.

A few of the elements of this program that were absolutely magnificent were a very clear vision, a very compelling vision. Clearly no one can disagree with the idea that every child in the hospital should be safe, should not be vulnerable to the treatment that the hospital provides.

The second aspect of her change initiative that was very powerful, was she really understood the necessity of making the climate and culture of the organization extremely safe for employees — for nurses, for doctors, for everyone — to speak up about what wasn't working.

So she created something that she called "blame-free reporting," which was a new policy, a new program in which nobody could be penalized for reporting something. It doesn't mean that nobody could be penalized, period, for anything — for negligent acts, for blameworthy acts. But all reporting was hereby not to be penalized any more. So the second aspect was this use of blame-free reporting to create a safe environment.

The third thing she did was invite and sort of inspire team learning throughout the hospital for people to work on small problems of process failure, safety problems, throughout the company.

So this set of three aspects — create urgency, make it safe to speak up, and inspire people on the front lines to find the problems and make it better — became a kind of framework for leading change in a very complex setting.

Encouraging employees to seek out areas for improvement and to feel comfortable and safe reporting them creates a powerful change initiative.

**Amy Edmondson**  
**Professor, Harvard Business School**

Amy C. Edmondson is the Novartis Professor of Leadership and Management and Co-Unit Head of the Technology and Operations Management Unit at Harvard Business School.

She teaches MBA and Executive Education courses in leadership, team decision making, and organizational learning, and a doctoral course in field research methods. Her research examines leadership influences on learning, collaboration and innovation in teams and organizations, reported in over 60 articles published in academic journals, management periodicals, and books.

In 2003, the Academy of Management's Organizational Behavior Division selected Professor Edmondson for the Cummings Award for outstanding achievement in early mid-career, and in 2000 selected her article, "Psychological safety and learning behavior in work teams," for its annual award for the best published paper in the field.

Her article (with Anita Tucker), "Why Hospitals Don't Learn from Failures: Organizational and Psychological Dynamics That Inhibit System Change" received the 2004 Accenture Award for a significant contribution to management practice. Professor Edmondson received her PhD in organizational behavior, AM in psychology, and AB in engineering and design, all from Harvard University.

## Develop a shared vision



It isn't enough to just identify the problem and agree on how to proceed. You have to get people excited and involved. The people in charge of change must, therefore, develop a clear vision of where the organization or unit needs to go. They must also be able to communicate that vision to others in ways that make the benefits of the change effort clear. In communicating the vision, they should be very specific about:

- How the change will improve the business (through greater customer satisfaction, product quality, or sales revenues), and if possible,
- How these improvements will benefit employees (higher pay, larger bonuses, or new opportunities for advancement)

Managers throughout the organization must then communicate that vision to their units and groups. Doing so ensures that all employees understand the change effort that is currently under way.

## Identify the leadership

In order for change to succeed, strong leadership must be in place at all levels in an organization, not just at the top. Leaders of change—say, the director of sales or the manager of manufacturing—must champion the change effort by assembling the resources needed for the project and take responsibility for its success or failure.

Often, when change programs are being rolled out, some units present themselves as more change-ready than others—that is, they have respected and effective leaders in place, employees are motivated to change, and people in those units are accustomed to working together in collaborative ways. It is wise for change programs to be rolled out first in these units; they can be then used as test beds for the change initiative.

### Activity: Are you ready for change?

Can you recognize the characteristics that indicate an organization is ready for change?

Kerry is a manager in Human Resources at Baritone Music, a manufacturer of musical instruments. Kerry is responsible for overseeing a change in Baritone's hiring process, allowing individual departments to make their own hiring decisions through informal interviews conducted by team members, all with limited oversight from Human Resources. She wants to test the process in a small number of departments.

The sales team has a strong department already in place. The Director of sales has had great success with the old hiring process, and she doesn't see the need for the change. Most salespeople have been with the company for several years, and vacancies are filled rapidly and efficiently.

Is the sales department suitable for testing the new hiring process?

☐ Yes

**Not the best choice.** Though the Sales team is well-established within the company, the Director doesn't see the value in the new hiring process, and her salespeople will not be motivated to adopt a new process when the old one has served them well.

☐ No

**Correct choice.** Though the Sales team is well-established within the company, the Director doesn't see the value in the new hiring process, and her salespeople will not be motivated to adopt a new process when the old one has served them well.

The product development team has been understaffed for months, and new talent is needed to develop the large number of ideas coming from the research department.

Is the product development department suitable for testing the new hiring process?

☐ Yes

**Not the best choice.** It is not known whether the department leader is effective or respected, or whether the department's employees are accustomed to working together in collaborative ways.

☐ No

**Correct choice.** It is not known whether the department leader is effective or respected, or whether the department's employees are accustomed to working together in collaborative ways.

The manufacturing director, who has been with the company since its inception, will need to hire new people to increase production volumes. His current employees are very loyal to him and work well together as a team.

Is the manufacturing department suitable for testing the new hiring process?

☐ Yes

**Correct choice.** With a strong leader such as the Manufacturing Director in place to champion the change initiative, this department is a good candidate to test the new hiring process. The Director's attention to the development of his employees and their loyalty to him make this team ideal for testing process improvements.

☐ No

**Not the best choice.** With a strong leader such as the Manufacturing Director in place to champion the change initiative, this department is a good candidate to test the new hiring process. The Director's attention to the development of his employees and their loyalty to him make this team ideal for testing process improvements.

The technology team has recently been restructured, and the new technology manager is learning about the group's abilities and needs.

Is the technology department suitable for testing the new hiring process?

☐ Yes

**Not the best choice.** Though the Technology department has need of new employees, the recent restructuring changes would make implementing this change to the hiring process difficult.

☐ No

**Correct choice.** Though the Technology department has need of new employees, the recent restructuring changes would make implementing this change to the hiring process difficult.

The research department is headed by an energetic manager who has been with the group for one year. Under his guidance each member of the department has been asked to spend some time helping fellow researchers on their projects. The success of this program is one of the main reasons Baritone has grown precipitously in the last year.

Is the research department suitable for testing the new hiring process?

☐ Yes

**Correct choice.** The research manager is effective, the department's employees are accustomed to working together collaboratively, and the manager and his group are motivated by the need for new talent.

☐ No

**Not the best choice.** The research manager is effective, the department's employees are accustomed to working together collaboratively, and the manager and his group are motivated by the need for new talent.

## Create near-term wins

Create near-term wins by focusing on results, not activities.

During a change initiative, many organizations make the mistake of focusing managerial attention on training, team-creation, and other programmatic activities that seem as though they should produce desirable results, but in fact contribute little or nothing to bottom-line performance.

Instead of focusing on activities, managers should focus their attention on near-term, results-driven programs—even though the change campaign is a long-term, sustained one.

For example, a company might create the following goal: "Within the next 12 months, we will reduce fuel costs by 15 percent."

Generating near-term wins helps change programs in the following ways:

- **Provides evidence that sacrifices are worth it.** Wins greatly help justify the near-term costs involved.
- **Rewards people involved in the change effort.** After a lot of hard work, positive feedback builds morale and motivation.
- **Helps fine-tune vision and strategies.** Near-term wins give leaders concrete data on the viability of their ideas.
- **Undermines cynics and self-serving resisters.** Clear improvements in performance make it difficult for people to block needed change.
- **Builds momentum.** Momentum turns neutrals into supporters, and reluctant supporters into active helpers.

## Institutionalize success

Institutionalize success through formal processes, systems, and structures

Once a change program objective has been achieved, it is important to cement hard-earned gains through processes, information systems, or new reporting structures that describe how work should be done going forward.

For example, an innovative unit of an office furniture manufacturer was given the opportunity to develop a new, faster, and low-cost approach to manufacturing and fulfillment. Employees in the unit completely redesigned the furniture-building process—from order-taking to delivery—basing it on digital connectivity, mass customization, and a new relationship with supply-chain partners. By the time the makeover was complete, the unit had cut the order-to-shipment cycle from eight weeks to less than one week. On-time shipments reached 99.6 percent. Once this unit reached its goal, it institutionalized its gains through a performance measurement system that kept everyone's focus on that metric.

## Adjust strategies

Monitor and adjust strategies in response to problems in the change process.

Change programs almost never go according to plan. All types of unanticipated problems crop up as change moves forward. Developments in the external environment can also affect what's going on inside the company. So, change leaders must be flexible and adaptive, and their plans must be sufficiently robust to accommodate alterations in schedules, sequencing, and personnel.

## Leadership Insight: Fear of reinvention

About 15 years ago, I was the managing editor of a daily newspaper. Now, it was my college newspaper, The Dartmouth, covering all the hot happenings in Hanover, New Hampshire. If you've never been to Hanover, New Hampshire, there are no hot happenings in Hanover, New Hampshire. It's a town of about 9,000 people. But still, we put out our paper five days a week. It was a mini-tab — 8 to 16 pages. We were there in the very early days of the Internet. We, as a leadership team, had to decide, "What do we do in the face of this potentially seismic shift to our business?" So, what did we do? First, we hesitated. We were the last Ivy League newspaper to go on the Internet.

Why did we hesitate? Basic fear. We had a nice little business model at our newspaper, \$250,000 of revenue, two thirds of which came from charging subscriptions. When we saw the Internet, we asked ourselves, "How is it possible that this business model will work in the new technology?" Even today, people haven't figured out how to charge for content online, so we paused and waited.

Well, we got over that eventually and did create an online version of the paper. What did we do when we went online? Did we say, "What a chance we've been given! What an opportunity to reinvent, to break out of the shackles that have confined us to Hanover, New Hampshire, to do something different!" No, we said none of these things.

Instead, we created a word-for-word, pixel-for-pixel replication of the newspaper on the Internet, asking not what we could do differently, but how we can find people who would come to the Internet and then subscribe to the print version of the newspaper. Instead of re-imagining, we force-fit the new technology into the old business model.

Fifteen years later, I now understand from my research and fieldwork that these are the two reasons why transformation is so "punishingly difficult." You don't allocate resources toward the change, and when you do allocate resources, you don't re-imagine the business.



If you're a leader and you're facing this kind of "transformative" change, you've got to recognize these problems and work hard to make sure your organization doesn't fall into these traps — recognizing in any threat there is an opportunity, if you organize and act in the right way.

In any threat there is an opportunity, if you organize and act in the right way.

**Scott Anthony**  
**Managing Director, Innosight Ventures**

Scott Anthony is the Managing Director of Innosight Ventures, a consulting, training, and investment firm that works with Fortune 500 companies, startups, nonprofits, and national governments to improve their ability to create innovation-driven growth.

Previously, Scott was the President of Innosight's consulting arm, where he worked with Fortune 500 and startup companies in industries such as media, consumer products, investment banking, and health care.

Prior to joining Innosight, Scott was a senior researcher with Clayton Christensen, managing a group that worked to further Christensen's research on innovation.

He has written three books on innovation: "Seeing What's Next," with Harvard professor Clayton Christensen; "The Innovator's Guide to Growth," with Mark Johnson, Joe Sinfield, and Elizabeth Altman; and "The Silver Lining: An Innovation Playbook for Uncertain Times."

He is a regular contributor to Harvard Business Online and serves as the editorial director of Strategy & Innovation, Innosight's biweekly publication.

Scott has a Bachelor of Arts in economics from Dartmouth College and a Master of Business Administration from Harvard Business School.

## Expect the unexpected



Once people are convinced that change is necessary, and that the change vision is the right one, it's time to move forward with implementation. While good planning and front-end analysis should ideally lead to seamless implementation, execution is rarely smooth. Mistakes are made. Resources and

support fall through. External factors upset schedules. Key people leave or are transferred. Groups forget to communicate with each other.

Although implementation can be a tricky and unpredictable challenge, you can improve the odds of success if you: enlist the support and involvement of key people, craft a solid implementation plan, support the plan with consistent behaviors, develop enabling structures, celebrate milestones, and develop a comprehensive communication plan.

## Enlist the support and involvement of key people

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has.”

—Margaret Mead

As you execute your organization or unit's implementation plan, be sure to enlist the support and involvement of key employees within—and outside of—your group. This means assembling a team with the right blend of leadership skills, authority, resources, and expertise. Ask yourself the following questions to ensure the effectiveness of your team:

- Do key leaders support the change effort?
- Do members of the team have the relevant expertise to do the job and make intelligent decisions?
- Do team members have a range of differing points of view so that they can analyze and address problems creatively?
- Does the team include people with sufficient credibility to ensure that employees and management will treat its decisions seriously?
- Does the team include people with demonstrated leadership skills?
- Are the team members capable of foregoing their personal immediate interests in favor of the larger organizational goal?

If you answer "no" to any of these questions, it might be a good idea to revisit your team choices.

## Activity: Some assembly required

Identify some common mistakes that are often made in assembling a team to implement a change initiative.

Frederic, a research director at BestPharma, has been asked to initiate strategic partnerships with universities to facilitate new-product testing. He assembles a team comprising the heads of several major research projects. One team member, Sasha, expresses excitement about getting access to the resources of local academic institutions to use in her research. Another, Ty, says he wants to push for the opportunity to test his product in hospitals.

What mistake has Frederic made in assembling his team?

- ☐ The team members are not credible in their fields.

**Not the best choice.** As heads of major projects, all the team members are likely credible in their fields. Their credibility will make it easier for them to convince others of the

change initiative's value.

- ☐ The team members will not be able to benefit directly from the change.

**Not the best choice.** Several team members do seem positioned to benefit directly in some respects from the new strategic partnerships. When a change team's members benefit from the proposed change, they feel more enthusiasm for implementing the new plan.

- ☐ The team members favor immediate personal interests over the company's goals.

**Correct choice.** Some of these team members seem more focused on how they might best benefit from the new strategic partners than they are on how the change will create important advantages for the company overall. This disproportionate focus on individual gain may cause problems during implementation of the change initiative.

Susan, a process improvement manager for Clayburn Associates, a hospitality services company, has been charged with reshaping her division's culture to better support Clayburn's strategic goals.

Traditionally, employees in this division have followed mandates handed down by their direct supervisor. Susan has been asked to change the division's culture so that employees provide input to their supervisors on key decisions. Top executives believe that a more empowered culture will lead to greater efficiency and creativity, two qualities essential to the company's high-level strategy. The supervisors in Susan's division don't support this change, because they're worried it will undercut their authority. Employees are in favor of the change.

In deciding how to assemble a team that will lead the change initiative, Susan selects employees not only from her own division but from other divisions within Clayburn.

What mistake has she made?

- ☐ The change team does not have credibility within the division.

**Correct choice.** The problem—and part of what the change effort is intended to correct—is that the supervisors do not value employees' opinions. By assembling a team composed entirely of employees, Susan risks being unable to mobilize support for the change initiative within her division.

- ☐ The team should not include members from outside the affected division.

**Not the best choice.** By including members from outside her division, Susan ensures that the change team has a broad range of perspectives as well as possible insights from people who have led similar change efforts in other divisions at Clayburn.

- ☐ The team members favor immediate personal interests over the company's goals.

**Not the best choice.** Though the team members are definitely interested in gaining more decision-making authority, these interests align with the company's goal to shift to a culture characterized by greater empowerment.

A product development division within LuxBen, a consumer goods company, has been eager to begin serving global markets, just as several other divisions within the company have recently done. Pietro, the division leader, meets with all the managers in his division to tell them he'll need to restructure the division to enter international markets. The managers express enthusiasm for the plan. Pietro assembles a change team consisting of seasoned managers within the division.

What mistake has he made in assembling the team?

- ☐ The team does not include members with differing points of view.  
**Correct choice.** The team should also include individuals from outside Pietro's division, particularly members from divisions that have already experienced similar restructuring. These individuals would be able to offer valuable points of view and insights to the change team.
- ☐ The team does not include individuals with demonstrated leadership skills.  
**Not the best choice.** Pietro has chosen to include seasoned managers in his change team. These individuals will likely have demonstrated leadership skills.
- ☐ Pietro can't be certain that key managers in his division will support the change.  
**Not the best choice.** The managers Pietro meets with have expressed enthusiasm for the plan. It is likely that they will support the changes.

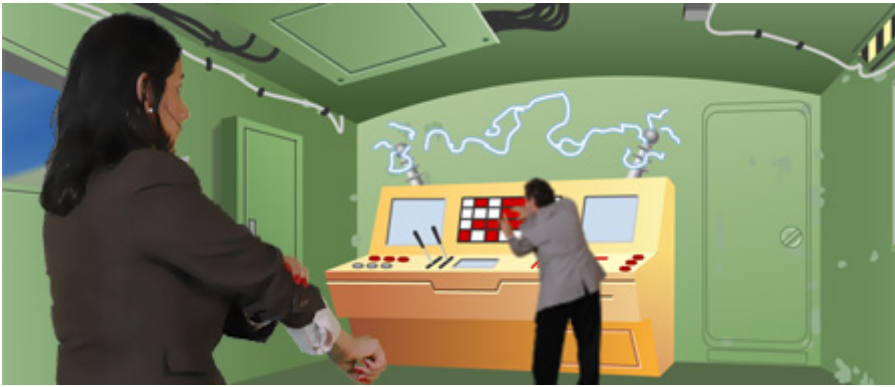
## Craft an implementation plan

While a vision may guide and inspire employees during a change process, an organization or unit needs an implementation plan for what to do, and when and how to do it. Such a plan ensures that everyone's efforts are aligned with the goals of the change program.

What are the characteristics of an effective unit implementation plan? A plan should:

- **Be simple.** An overly complex plan may confuse and frustrate participants in the change effort. Make your plan clear, concise, and coherent.
- **Be created by people at all affected levels.** An implementation plan should not be imposed on the people asked to move it forward. Rather, the people affected by the change should be involved in the creation of the plan. If people have played a part in the development of the plan, they will be more likely to support it.
- **Be structured in achievable chunks.** Overly ambitious plans are usually doomed to failure. Build a plan that can be tackled in manageable, achievable chunks.
- **Specify roles and responsibilities.** Establishing accountability in any implementation plan is essential. Define clear roles and responsibilities from the beginning to avoid any confusion later.
- **Be flexible.** Change programs seldom follow their planned trajectories or timetables. Thus, a good implementation plan is open to revision.

## Support the plan with consistent behaviors and messages



Once the need for change has been articulated convincingly and broad support has been enlisted, that support must be maintained through consistent behaviors and messages.

For example, consider an organization that was being restructured. All divisions were asked to reduce expenses. Senior managers and unit heads set the tone by flying coach on commercial flights. Instead of hiring limousines to pick them up at the airport, they took cabs. And instead of eating overpriced meals at fancy restaurants, they dined in more modest eateries. Other managers followed suit. People within the organization quickly took notice.

## Develop enabling structures

Enabling structures are the activities and programs that underpin successful implementation and are a critical part of the overall plan. Such structures include:

- **Pilot programs.** These programs give people opportunities to grapple with implementation and its problems on a smaller, more manageable scale. Pilots are test beds in which implementers can experiment with change initiatives before rolling them out more broadly.
- **Training programs.** These programs provide employees with opportunities to improve their skills so that they can contribute more effectively to the change initiative.
- **Reward systems.** These programs reward employees for results and behaviors that are aligned with the change program. Be sure to visibly recognize and reward people who have contributed to the successful generation of short-term wins.

## Celebrate milestones



Change initiatives can be frustrating and take a long time. It is therefore critical to celebrate milestones once they have been reached. Taking the time to celebrate is important because it

acknowledges people's hard work, boosts morale, keeps up the momentum, and neutralizes skepticism about the change effort.

Some managers, however, make the mistake of celebrating milestones before they've actually been achieved. Declaring premature victory only dissipates the sense of urgency needed to keep people motivated about the change initiative.

## Key Idea: Develop a comprehensive communication plan

### Key Idea

Effective communication sets the tone for the change program and is critical to implementation. Everyone—from senior management to unit and group heads—should have communication plans in place in order to make employees understand why the change is taking place, what the change program is intended to do, and how long it will take. The communications also must inform employees about key decisions that have been made and changes that have been incorporated into the implementation plan.

There is no such thing as overcommunicating information about a change effort. Effective and ongoing communication is absolutely critical throughout all phases of a change program. Senior managers, unit heads, and group leaders need to have strong communication plans in place to provide stakeholders with necessary information about the change initiatives. Stakeholders may include: supervisors, peers, colleagues in other parts of your organization, direct reports, as well as suppliers or vendors, shareholders, and even customers.

How will your stakeholders and employees know the details critical to a change effort? Communicate!

## What to communicate

Communicating the change program begins by looking at it from the perspective of each of your key stakeholders. Try to identify what would energize and inspire them to achieve the goals of the change effort. Specifically, they will want—and need—to know:

- **What the change program is and what it plans to do.** Define what the change is, what the organization hopes to achieve with it, how it will improve the business, and how the improvements will benefit employees.
- **Why the change is taking place.** Inform people about the business reasons underpinning the change program. Many people will not have been involved in identifying the business problems and developing solution alternatives. Share this information with your group and discuss the various options that were available and why you selected the solution you did.
- **What the scope of the change program is.** Describe how long the change program will take and discuss the implementation plan. Some people will be more affected by change projects than others, which might lead to fear-generating speculation. Fear and uncertainty tend to paralyze a group and stall its efforts. You can short-circuit these negative emotions by providing the facts. Be up-front and honest about the change program—even if it contains bad news. Also remind people that certain things *won't* change—and explain exactly what will remain constant throughout the effort. This will help anchor uneasy employees.



- **What hurdles stand in the way of implementation.** There are bound to be barriers to successful implementation. People should be made aware of these barriers so that they can be better anticipated.
- **What the criteria for success are and how success will be measured.** Define success clearly and establish measures for what you aim to accomplish.
- **How people will be rewarded for success.** People need incentives for the added work and disruptions that change requires. Be very clear about how individuals will be rewarded for progress toward change goals.

## Delivering the message

When crafting your communication plan, be sure to use a diverse set of communication styles. In addition to staff meetings, stand-up presentations, and e-mails, consider such other approaches to disseminating information as a monthly newsletter, hosted events, individual meetings, and an intranet site devoted to issues surrounding the change effort. The goal is to generate as many communications as necessary to get the message of the change program across.

Above all, make communication an ongoing, two-way proposition. While it is important to share information, it is equally important to listen to what others have to say. Take the time to ask employees how they are doing and how they perceive the change program initiatives. Listening to their concerns and different points of view will help you keep everyone motivated and invested in the change program.

## Anticipate positive and negative reactions to change



Even when you've taken all the steps necessary to implement a positive and successful change program, you may find that peoples' reactions to change vary. Organizations are social entities comprised of people who have different personalities, perspectives, emotions, and levels of authority. Some people welcome the opportunities that change brings, while others fear change and don't want to let go of the status quo. As a manager, it's your job to assess, leverage, and deal with people's individual reactions to change.

The following list shows some of the reasons people embrace or resist change.

Why people support change	Why people resist change



- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• They believe that the change makes sense and is the right course of action.</li><li>• They respect the people leading the change effort.</li><li>• They expect new opportunities and challenges to come from the change.</li><li>• They were involved in planning and implementing the change program.</li><li>• They believe that the change will result in personal gain.</li><li>• They enjoy the excitement of change.</li></ul> | <ul style="list-style-type: none"><li>• They believe that change is unnecessary or will make the situation worse.</li><li>• They don't trust the people mandating or leading the change effort.</li><li>• They don't like the way the change has been introduced.</li><li>• They are not confident the change will succeed.</li><li>• They have had no input in planning and implementing the change program.</li><li>• They feel that change will mean personal loss—of security, money, status, or friends.</li><li>• They believe in the status quo.</li><li>• They've already experienced a lot of change and can't handle any more disruption.</li></ul> |
|--|---|

## Key Idea: Rethink resisters

### Key Idea

Resisters are commonly seen as people who refuse to accept or adapt to change. They're perceived as inflexible, unaccommodating, and lacking team spirit. As such, resisters are considered obstacles to be overcome. While some resisters can undermine a change effort, it is shortsighted to think all resisters will, or even fundamentally desire, to do so.

Resistance implies energy—energy that can be worked with, and possibly redirected. Instead of viewing resistance as an obstacle, try to understand its sources and motives. Doing so may uncover opportunities for improving the change effort. Resisters may have valid concerns that need to be addressed. Put their perspectives to use for the change effort and make them a part of the solution.

Not everyone will be excited about change. Understanding people's reasons for resistance will help you to overcome it.

## Leadership Insight: The challenge of change

When Julie Morath, the chief operating officer of Children's Hospital and Clinics in Minneapolis, announced that she was going to lead a major change initiative on patient safety, one possibility would be that everybody would stand up and cheer. That's actually not what happened. Most people in the hospital said, "We don't have a problem with safety. We are a children's hospital. We're great as we are." And she was an outsider. She had just taken this job. She had been on the job maybe a week or two when she started getting out there and talking about her vision—so, enormous resistance to the vision.

What did she do? I think a lot of people in her shoes would have put their fist down and said, "You don't understand. You do have a problem. Every hospital in this country has a problem, because the work is complex. The patients are not safe. There are lots and lots of errors that occur, and many of them are underground."

She didn't do that. What she did instead was say, "Maybe you're right. After all, I just got here. Maybe there isn't a problem. So let me ask you to reflect on your experiences last week with your patients in the wards. Was everything as safe as you would like it to be?"

And then she said, "My office became a confessional." So if I think about that, what happened there is instead of just pushing back on the resistance and saying, "Come on everybody! Get on board!" She said, "Maybe you are right"—honored their experience. Two, inquiry: "Let me ask you to reflect on your experience"—very concrete—"last week with your patients." And then, the aspirational question. Not, "Was it unsafe?" but, "Was everything as safe as you would like it to be?"

And then, everybody started coming forward, thinking, "You know what? It isn't."

I think there are several reasons why leading change is surprisingly difficult. One is that most people don't fundamentally feel that the way they're doing things now is wrong. So in order to agree that we have to change, I have to agree that what I'm doing now is wrong or deficient in some way. It's quite a lot for people to take. And so people have to accept the idea that the new way is going to be better not just for us, but for me. That can be a tough challenge.

The other reason why leading change is surprisingly difficult is because of the complexity of changing so many things at once. In an organization, everything is interconnected, and when you change a part over here, it has unintended implications for a part over here.

That implies a very high level of thoughtfulness and planning and figuring out how we're going to move forward so that we don't create more problems than we solve, and at the same time, recognizing that we can't plan it all out in advance. Nobody can effectively see into the future.

So we have to move forward into this uncertainty that's the future and the even greater uncertainty that's change, and to some extent allow people at the front lines of the organization and throughout to figure out and solve problems on their own without being told exactly what to do. Many leaders aren't quite ready for that yet.

Leading a call for change can be difficult when most people think that nothing is wrong.

## Amy Edmondson

### Professor, Harvard Business School

Amy C. Edmondson is the Novartis Professor of Leadership and Management and Co-Unit Head of the Technology and Operations Management Unit at Harvard Business School.

She teaches MBA and Executive Education courses in leadership, team decision making, and organizational learning, and a doctoral course in field research methods. Her research examines leadership influences on learning, collaboration and innovation in teams and organizations, reported in over 60 articles published in academic journals, management periodicals, and books.

In 2003, the Academy of Management's Organizational Behavior Division selected Professor Edmondson for the Cummings Award for outstanding achievement in early mid-career, and in 2000 selected her article, "Psychological safety and learning behavior in work teams," for its annual award for the best published paper in the field.

Her article (with Anita Tucker), "Why Hospitals Don't Learn from Failures: Organizational and Psychological Dynamics That Inhibit System Change" received the 2004 Accenture Award for a significant contribution to management practice.

Professor Edmondson received her PhD in organizational behavior, MA in psychology, and BA in engineering and design, all from Harvard University.

## Address resistance

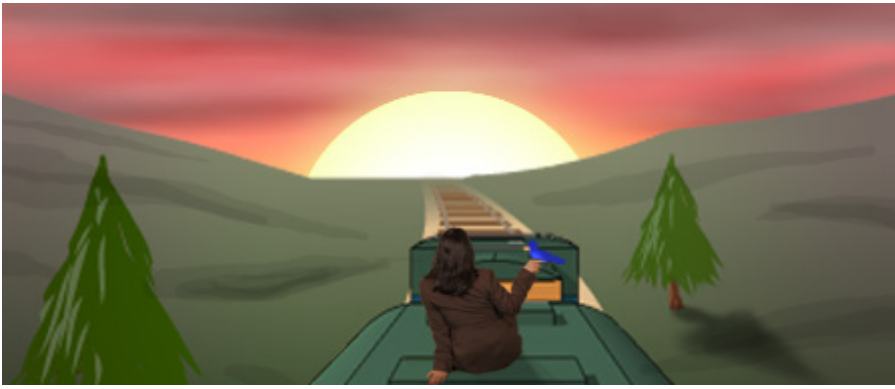
“If you want to make enemies, try to change something.”  
–Woodrow Wilson

If you encounter resisters, try to gain their support by:

- Encouraging them to openly express their thoughts and feelings about the change program
- Listening carefully to their concerns, exploring their fears and taking their comments seriously
- Engaging them in the planning and implementation processes—making them a part of the solution
- Identifying those who have something to lose and anticipating how they might respond
- Helping them find new roles either in your group or somewhere else in the organization—roles that represent genuine contributions and mitigate their losses

Also, as you consider resisters, be sure to evaluate what part *you* may be playing in causing their resistance. It's possible that your approach to managing change or your leadership style may be threatening to others, thereby causing unnecessary friction and conflict.

## Personal well-being



Because change programs are almost always disruptive, they can take both a physical and emotional toll on those involved. While it's important to help your employees adapt and adjust to change, it's equally important for you to take stock of your own reactions to the change program and reduce any feelings of stress and anxiety that you may experience during the transition.

Since adapting to change can be arduous, you need to maintain your physical well-being and nurture your psyche.

For example:

- Get enough sleep
- Pay attention to diet and exercise
- Take occasional breaks at the office
- Relax with friends
- Engage in hobbies

These are not forms of escapism. Rather, they are practical ways of exerting control over your life during a period of flux.

## Act to overcome powerlessness

If a change program has been introduced without your input or prior knowledge, you may experience feelings of powerlessness. One antidote to this sensation is to work with your boss to define your role in the new direction the company is taking. Doing so ensures that your expectations are aligned with those of your supervisor's and that you have some control over the changes taking place.

Another antidote to feeling powerless is to establish a sense of personal control in other areas of your life.

For example, you may have always wanted to learn Spanish and might decide to enroll in a Spanish immersion class. Doing so gives you a sense of purpose and helps you grow in areas outside your organizational life.

Another antidote is to avoid taking on other efforts that sap energy. You may find that the best way to regain control is to just relax, think, and ponder the events that have transpired.

## Inventory gains and losses

People have choices in how they perceive change. Some choose to focus on the benefits, others tend to focus on the losses. A more constructive approach is to assess the change program objectively. You do this by balancing what you will gain against what you will lose. Inventorying personal gains and losses is far different than "looking on the bright side." It is a tangible step that you can take to help you see the change objectively and gather the strength to move on.

## Balance emotional investments

Another way people bring greater stability to their lives during times of change is to balance the emotional investment that they put into their work (how they perform their jobs and manage their relationships with others) with the emotional investment that they put into their personal lives (family and social relationships as well as civic and religious interests).

Often, when change programs are launched, managers pour all of their emotional energy into addressing workplace concerns. But it can take weeks—even months—for these issues or problems to be resolved, weeks and months in which little time is left to nurture personal relationships and interests. To avoid such an imbalanced state, it is better to find equilibrium between the amount of emotion that you invest in the workplace and the amount you devote to your personal life. That way, when one or more activities in the workplace is uprooted, you can remain steady by creating, strengthening, or deriving support from activities in your personal life.

## Activity: Choose caring choices

Recognize the range of methods for taking care of yourself during change.

Cyndi is overseeing a painful downsizing effort in her department at Razor Microchips. The decision to layoff employees came down from her superiors, much to her surprise, and she's been working long hours to find the best way to implement the mandate to minimize the disruption to her staff and to make up for the lost productivity. Cyndi's boss notices that the stress of the change seems to be getting to her.

What can Cyndi do to reduce her stress and anxiety? Should she take a midday break to walk around the building?

☐ Yes

**Correct choice.** It's a good practice to take occasional breaks from stressful work to ensure steady performance and a level head. Exercise is another good way to relieve stress and tension.

☐ No

**Not the best choice.** It's a good practice to take occasional breaks from stressful work to ensure steady performance and a level head. Exercise is another good way to relieve stress and tension.

What can Cyndi do to reduce her stress and anxiety? Should she coach her daughter's soccer team?

☐ Yes

**Not the best choice.** Balancing work with your personal life is a good way to reach equilibrium so work does not dominate your life. However, coaching a soccer team is an added responsibility that will likely require a large commitment of time and energy.

☐ No

**Correct choice.** Balancing work with your personal life is a good way to reach equilibrium so work does not dominate your life. However, coaching a soccer team is an added responsibility that will likely require a large commitment of time and energy.

What can Cyndi do to reduce her stress and anxiety? Should she consult with her boss about the company's strategies?

☐ Yes

**Correct choice.** Not only will this help align your expectations with your supervisor's, but it will help alleviate feelings of powerlessness by giving you some measure of control over the change process.

☐ No

**Not the best choice.** Not only will this help align your expectations with your supervisor's, but it will help alleviate feelings of powerlessness by giving you some measure of control over the change process.

What can Cyndi do to reduce her stress and anxiety? Should she set aside time to indulge her hobbies?

☐ Yes

**Correct choice.** Find the time to participate in activities that you take pleasure in to relieve stress and anxiety.

☐ No

**Not the best choice.** Find the time to participate in activities that you take pleasure in to relieve stress and anxiety.

What can Cyndi do to reduce her stress and anxiety? Should she learn to play the guitar?

☐ Yes

**Correct choice.** This may seem like a surprising choice, but reaching personal goals—like learning to play guitar, taking a cooking class, or finishing long-delayed home improvements—can help you establish control in your personal life to combat feelings of powerlessness at work.

☐ No

**Not the best choice.** This may seem like a surprising choice, but reaching personal goals—like learning to play guitar, taking a cooking class, or finishing long-delayed home improvements—can help you establish control in your personal life to combat feelings of powerlessness at work.

## Anticipate change

“Change is the law of life. And those who look only to the past or present are certain to miss the future.”  
–John F. Kennedy

Admittedly, inventorying gains and losses and balancing emotions is difficult for a person going through a change program. The ability to step back and objectively assess a complex situation is a skill that many find challenging to master.

Perhaps the best mechanism for coping with change, then, is anticipating it. Those who recognize that the change process will take time, that its impact will be powerful, and that they have the strength to manage the transition, are best positioned to navigate the challenges that typically accompany a change effort.

## Overview

This section provides interactive exercises so you can practice what you've learned. These exercises are self-checks only; your answers will not be used to evaluate your performance in the topic.

### Scenario

Assume the role of a manager in a fictional situation and explore different outcomes based on your choices (5-10 minutes).

### Check Your Knowledge

Assess your understanding of key points by completing a 10-question quiz (10 minutes).

## Scenario: Part 1

### Part 1

Marcus is the head of GenCo, Inc.'s corporate training group. As part of a companywide change program to reduce costs, senior management has decided to merge his group with the organizational development group. He will be responsible for restructuring and managing the new department.



The two groups have markedly different emphases. Corporate training offers companywide workshops designed to help employees master specific skills, such as learning a new computer application. Organizational development focuses exclusively on high-level executive development. Corporate training uses off-the-shelf training tools, while organizational development uses outside consulting services.

The restructuring will require some people to learn new skills and others to assume new roles and responsibilities—two things that create anxiety among employees. Marcus ponders what to say to both groups after he announces the change.

What should Marcus say to employees after announcing the change?

- "This is a very doable restructuring. Don't worry. I know we all have the skills needed to implement this change successfully."

**Not the best choice.**

Denying the challenging aspects of the change itself and the intensity of employees' feelings about it won't help Marcus's group embrace and support the initiative. In managing change, Marcus needs to acknowledge employees' fears without intensifying them. He also needs to share as much information as possible and discuss the change program in terms of its benefits—both for the company and its employees.

- "I know this is an anxious time for everyone involved. Let's work together to make sure everyone's roles and responsibilities aren't dramatically altered."

**Not the best choice.**

By emphasizing the change in roles and responsibilities, Marcus will only intensify the anxiety that employees already feel. Fear and anxiety encourage people to avoid risks, become internally focused, and communicate incompletely or not at all. In addition, fear and anxiety cost organizations real money in the form of increased absenteeism, reduced productivity, and diminished quality of products and services. When announcing a change program, acknowledge employees' fears—but also share as much information as possible and discuss the change program in terms of its benefits—both for the company and its employees.

- "Due to a tight economy and decreased customer spending, the entire organization needs to reduce costs. While the restructuring might seem scary, it will give us new opportunities."

**Correct choice.**

To capitalize on change, managers should share as much information as possible with employees. Sharing information means explaining the big picture behind the change initiative, such as the organization's long-range strategy. Managers should

also describe the change program in terms of its benefits—both for the company and its employees. Finally, managers should acknowledge employees' anxieties. For example, allow people to express their concerns in productive ways during meetings. When employees can see the big picture, perceive the benefits offered by the change, and express their anxieties, they will be more likely to embrace and support the initiative.

## Scenario: Part 2

### Part 2

Marcus has shared information about why the change is taking place, discussed the benefits for both the company and its employees, and listened carefully to peoples' concerns.

The next step is to come up with creative ways to combine the two departments so that the resulting group is more effective than just a union of the two. Marcus asks experienced managers from both groups to work with him to create a formal implementation plan. After a few weeks, the team develops a plan that defines how the groups will work together, specifies who will need new training, and identifies everyone's new roles and responsibilities.

One afternoon, Marcus overhears an employee in the hallway talking with another employee about how the change effort is not being well led. This individual ends the conversation by saying, "Things were better before the two groups merged." Marcus returns to his office and thinks about how to handle this situation.

How might Marcus best deal with this individual's reaction to your change program?

- Recognize that some employees find change difficult and give her time to adjust

**Not the best choice.**

While this employee's negative comments are frustrating to hear given all the hard work that he and his team have put into the change effort, Marcus needs to address her reactions head-on. When managers encounter push back (or even direct opposition) such as this, it's important to talk openly with employees and explore the motives behind their resistance. Hoping that time will change her mind is a passive approach that fails to address the reasons why she might be resistant to the change.

- Ask someone in human resources to talk with this individual about coping with change

**Not the best choice.**

As a manager leading a change initiative, it is *Marcus's* job to assess and deal with people's reactions to change. Marcus needs to best understand the nature of the resistance so that he can come up with ways to reengage the employee or help her find a new role either in his group or somewhere else in the organization. Delegating this task to someone else sends the message that he doesn't care about how others are coping with change.

- E-mail the employee and tell her that he overheard her comments in the hallway and that he would like to meet with her to discuss her reactions further

**Correct choice.**

While it may seem like he's putting the employee on the spot, asking to meet with her so that Marcus can talk openly about her reactions to the change program is the best course of action. It is important to listen to her concerns and examine the motives and rationale behind her resistance. The information that he receives may provide valuable insights into the change effort that he is leading. For example, this employee might point out a serious flaw in the way he's restructured the groups—something he had not considered. This, in turn, might uncover new opportunities to improve the change effort.

## Scenario: Part 3

### Part 3

After talking with the employee, listening to her concerns, and examining the motives behind her perceived resistance, Marcus realizes that she is dissatisfied with the change effort because she was not involved in the development of the implementation plan. Marcus also learns that she has valuable suggestions for improving the transition. Marcus decides to seek her input throughout the rest of the change program. He successfully moves her from passive resister to active supporter.

Five months pass. The momentum that the group had at the beginning of the process begins to wane. Marcus wonders how to get the team back on track.

What might Marcus do?

- Schedule an all-staff meeting where he reiterates the vision of the change program

**Good choice.**

During a change program, communication is an effective tool for motivating employees. Even though he may have already stated the vision and purpose of the change, Marcus should repeat the message over and over again. Explain how the change will improve the business and how those improvements will benefit employees. Doing so will reinforce all the positive reasons why people are working towards change.

- Create a goal, such as launching 10 new training programs by the end of the year, for people to work toward

**Good choice.**

During a change program, it is critical to create near-term wins that focus everyone's efforts on delivering results. Generating such wins shows people that their hard work makes a difference and that the sacrifices of change are well worth it.

- Hold a party to celebrate a milestone that has almost been reached

**Not the best choice.**

While celebrating a milestone acknowledges people's hard work and boosts morale, it is a mistake to celebrate a milestone before it has actually been reached. Declaring premature victory dissipates the sense of urgency needed to keep people motivated about the change initiative.

## Scenario: Conclusion

### Conclusion

With the help of others from his team, Marcus creates several goals for the group to achieve. These goals focus on near-term, results-driven programs—even though the change effort is a long-term, sustained one. By generating near-term wins, Marcus boosts morale and shows employees that their hard work has a significant impact on the change effort.

Managing change isn't easy. But by sharing information, dealing with resistance, and generating near-term wins, he can motivate a group to move forward. And by involving others in planning and implementation processes, he can inspire a sense of ownership over the initiative's outcome.

## Activity: Check Your Knowledge: Question 1

Who should initiate organizational change?

- **The CEO**

**Not the best choice.**

While many changes in an organization are generated by the CEO, change can and should be initiated by managers from all levels of a company. Change is about looking for opportunities to improve business performance. Anyone—regardless of professional title or position in the organizational hierarchy—can identify such opportunities.

- **Senior executives**

**Not the best choice.**

While many changes in an organization are generated by senior executives, change can and should be initiated by managers from all levels of a company. Change is about looking for opportunities to improve business performance. Anyone—regardless of professional title or position in the organizational hierarchy—can identify such opportunities.

- **Managers from all levels in a company**

**Correct choice.**

Change can and should be initiated by managers from all levels of a company. Change is about looking for opportunities to improve business performance. Anyone—regardless of professional title or position in the organizational hierarchy—can identify such opportunities.

## Check Your Knowledge: Question 2

A merger or acquisition represents what type of change program?

- **A structural change program**

**Correct choice.**

A merger or acquisition is an example of a structural change program. Such programs attempt to reconfigure the organization in order to achieve greater overall performance.

- **A cost-cutting change program**

**Not the best choice.**

A merger or acquisition is not specifically intended to cut costs. Instead, it is an example of a structural change program. Such programs attempt to reconfigure the organization in order to achieve greater overall performance. By contrast, a cost-cutting change program focuses on the elimination of nonessential activities or on other methods for squeezing costs out of operations.

- **A cultural change program**

**Not the best choice.**

A merger or acquisition is not specifically intended to change an organization's culture. Instead, it is an example of a structural change program. Such programs attempt to reconfigure the

organization in order to achieve greater overall performance. By contrast, a cultural change program focuses on altering a company's operating values, norms of behavior, and the relationship between its management and employees.

## Check Your Knowledge: Question 3

If an organization isn't primed for transition, how might you help it become change-ready?

- [Create short-term wins](#)

**Not the best choice.**

Creating short-term wins is something you do *after* change is under way, not before your organization has been primed for change. Encouraging participative work within your unit is one step you can take to help your organization become change-ready. By developing more participative approaches to how everyday business is handled—for example, pushing decision making down to the lowest levels possible, sharing information freely, and encouraging two-way communication—you can prime your organization for transition.

- [Develop a strong implementation plan](#)

**Not the best choice.**

Developing an implementation plan is something you do *after* change is under way, not before your organization has been primed for change. Encouraging participative work within your unit is one step you can take to help your organization become change-ready. By developing more participative approaches to how everyday business is handled—for example, pushing decision making down to the lowest levels possible, sharing information freely, and encouraging two-way communication—you can prime your organization for transition.

- [Encourage participative work within your unit](#)

**Correct choice.**

By developing more participative approaches to how everyday business is handled—for example, pushing decision making down to the lowest levels possible, sharing information freely, and encouraging two-way communication—you can prime your organization for transition.

## Check Your Knowledge: Question 4

What is the first step of change management?

- [Create a vision of the change](#)

**Not the best choice.**

Before creating a vision, you must first clearly define the business problem you want to address through the change. Problem identification answers the most important question employees will ask: Why must we undergo change? Your answer lays the foundation for motivating employees to embrace change. Thus, it must be convincing.

- **Define the business problem**

**Correct choice.**

The starting point of any effective change effort is a clear definition of the business problem you want to address through the change. Problem identification answers the most important question employees will ask: Why must we undergo change? Your answer lays the foundation for motivating your employees to embrace change. Thus, it must be convincing.

- **Identify the leadership**

**Not the best choice.**

Before identifying who will lead the change program, you must first clearly define the business problem you want to address through the change. Problem identification answers the most important question employees will ask: Why must we undergo change? Your answer lays the foundation for motivating employees to embrace change. Thus, it must be convincing.

## Check Your Knowledge: Question 5

Is the following statement true or false? During a change initiative, managers should focus their attention on generating near-term wins.

- **True**

**Correct choice.**

During a change initiative, managers should focus on near-term, results-driven programs. For example, a company might create the following goal: "Within the next 12 months we will increase revenues by 5 percent." Such programs show people that small gains in a larger change effort are achievable and that their hard work can have a direct impact on overall business performance.

- **False**

**Not the best choice.**

This statement is actually true. During a change initiative, many organizations make the mistake of focusing managerial attention on training, team-creation, and other activities that contribute little or nothing to bottom-line performance. Instead, managers should focus on near-term, results-driven programs. For example, a company might create the following goal: "Within the next 12 months we will increase revenues by 5 percent." Such programs show people that small gains in a larger change effort are achievable and that their hard work can have a direct impact on overall business performance.



## Check Your Knowledge: Question 6

An effective implementation plan:

- Has very ambitious goals so that people are challenged to improve performance

**Not the best choice.**

An overly ambitious change-implementation plan is typically not effective. People assume that they won't be able to achieve the plan, so they don't bother trying. The correct answer is that an effective implementation plan is flexible and open to revision—because change programs seldom follow their planned trajectories or timetables. An effective plan is also concise and coherent; created by people at all affected levels; structured in manageable, achievable sections; and clear in its definitions of roles and responsibilities.

- Is flexible and open to revision

**Correct choice.**

Change programs seldom follow their planned trajectories or timetables. Thus, a good implementation plan is flexible and open to revision as needed. It's also concise and coherent; created by people at all affected levels; structured in manageable, achievable sections; and clear in its definitions of roles and responsibilities.

- Is created by a small group of highly experienced managers

**Not the best choice.**

Implementation plans that are created by a few managers tend not to receive widespread support because they represent the ideas and preferences of a small group of people. The correct answer is that an effective implementation plan is flexible and open to revision—because change programs seldom follow their planned trajectories or timetables. An effective plan is also concise and coherent; created by people at all affected levels; structured in manageable, achievable sections; and clear in its definitions of roles and responsibilities.

## Check Your Knowledge: Question 7

What is the best way to communicate information about a change program to employees?

- Once a week during staff meetings

**Not the best choice.**

Limiting yourself to one staff meeting a week is not the most effective way to communicate all the information that employees need to know about a change program. Instead, communicate as often as necessary and in as many ways possible—for example, through e-mail, one-on-one meetings, or a monthly newsletter. That way, employees will hear about the purpose and goals of the change program over and over again—increasing the likelihood that they will embrace the change initiative. You can't overcommunicate information about a change program.

- Every other week by e-mail

**Not the best choice.**

Limiting yourself to sending e-mail messages every two weeks is not the most effective way to communicate all the information that employees need to know about a change program. Instead, communicate as often as necessary and in as many ways possible—for example, through e-mail, one-on-one meetings, or a monthly newsletter. That way, employees will hear about the purpose and goals of the change program over and over again—increasing the likelihood that they will embrace the change initiative. You can't overcommunicate information about a change program.

- As often as necessary and in as many ways as possible

**Correct choice.**

There is no such thing as overcommunicating information about a change program. Share information as often as necessary and in as many ways possible—for example, through e-mail, one-on-one meetings, or a monthly newsletter. That way, employees will hear about the purpose and goals of the change program over and over again—increasing the likelihood that they will embrace the change initiative.

## Check Your Knowledge: Question 8

Is the following statement true or false? It is important to explain how people will be rewarded for success in achieving a change.

- True

**Correct choice.**

People need incentives for taking on the added work and disruptions that change requires. Be very clear about what the criteria for success are, how success will be measured, and how individuals will be rewarded for progress toward change goals.

- False

**Not the best choice.**

This statement is actually true. Often, managers make the mistake of not informing their employees how they will be rewarded if the change is achieved. People need incentives for taking on the added work and disruptions that change requires. Be very clear about what the criteria for success are, how success will be measured, and how individuals will be rewarded for progress toward change goals.

## Check Your Knowledge: Question 9

If an employee opposes your change program, what should your first response be?

- Encourage him to express his thoughts, and then listen to his concerns

**Correct choice.**

Exploring the person's concerns and taking his comments seriously show that you want to better understand the nature of his resistance and work with him as an active partner in the change program. Resisters are commonly viewed as inflexible, unaccommodating, and lacking team spirit. While some resisters can undermine a change effort, they don't all possess such negative attributes. Find ways to get to the root of the resistance. Then try to redirect the individual's energy in support of the change effort.

- Move the person out of your group so that he doesn't sabotage your plans

**Not the best choice.**

Though you may eventually move the individual out of your group, this is a traumatic event and therefore shouldn't be your first response. Instead, talk with him to better understand the nature of his resistance, and listen carefully to his concerns. Often, resisters are viewed as inflexible, unaccommodating, and lacking team spirit. While some resisters can undermine a change effort, they don't all possess such negative attributes. Find ways to get to the root of the resistance. Then try to redirect the individual's energy in support of the change effort.

- Let the person work through his feelings on his own. Change causes some degree of disruption, and people need time to adjust

**Not the best choice.**

Though people can work through resistance to change on their own, this shouldn't be your first response—because you need to address resistance promptly. Instead, talk with the employee to better understand the nature of his resistance, and listen carefully to his concerns. Often, resisters are viewed as inflexible, unaccommodating, and lacking team spirit. While some resisters can undermine a change effort, they don't all possess such negative attributes. Find ways to get to the root of the resistance. Then try to redirect the individual's energy in support of the change effort.

## Check Your Knowledge: Question 10

Which of the following are examples of enabling structures?

- Implementation plans

**Not the best choice.**

Implementation plans are components of a change effort, not enabling structures. Enabling structures are activities and programs that underpin successful implementation. A training program is an enabling structure because it provides employees with opportunities to improve their skills so they can contribute more effectively to the change initiative. Pilot programs and reward systems are other examples of enabling structures. Pilot programs give people an opportunity to experiment with projects before they are rolled out more broadly. Reward systems acknowledge people for achieving results and demonstrating behaviors that support the change program.

- **Training programs**

**Correct choice.**

A training program is an enabling structure because it provides employees with opportunities to improve their skills so they can contribute more effectively to the change initiative. Pilot programs and reward systems are other examples of enabling structures. Pilot programs give people an opportunity to experiment with projects before they are rolled out more broadly. Reward systems acknowledge people for achieving results and demonstrating behaviors that support the change program.

- **A mission and vision of a change program**

**Not the best choice.**

A mission and vision of a change program are elements of a change program, not enabling structures. Enabling structures help people contribute more effectively to a change initiative. Thus training programs are examples of enabling structures. A training program provides employees with opportunities to improve their skills so that they can contribute more effectively to the change initiative. Pilot programs and reward systems are other examples of enabling structures. Pilot programs give people an opportunity to experiment with projects before they are rolled out more broadly. Reward systems acknowledge people for achieving results and demonstrating behaviors that support the change program.

## Check Your Knowledge: Results

# Your score:

## Steps for assessing your reactions to change

### 1. Reflect on past changes that you've experienced.

Consider positive and negative changes that you've undergone either on the job or in your personal life. Recall how you felt during each of those changes. Were you excited? Shocked? Angry? A mix of different emotions?

### 2. Analyze your reactions to those changes.

For those times when you reacted positively, identify the factors surrounding the change that resulted in positive reactions. Did you support the change because you thought it was the right course of action? Because you respected the people mandating or leading the change? Because you thought the change initiative might result in some form of personal gain?

For those times that you reacted negatively, identify the causes of your frustration, shock, or other negative reactions. Did you resist the change because you thought it was unnecessary or would make the situation worse? Because you weren't involved in the planning and/or implementation of the change initiatives? Because you didn't want to let go of the status quo?

### 3. Evaluate what you did to successfully manage your reactions to those changes.

What worked well and why? What didn't work well and why? What steps could you take to improve the way you react to change? Answers to these questions will prepare you better for the next time you encounter change.

## Steps for addressing resistance to change

### 1. Encourage people to openly express their thoughts and feelings about the change.

Create an environment that fosters open communication and exchange of ideas. Actively reach out to employees—using informal hallway conversations, more formal one-on-one meetings, e-mail, and other channels—and ask them how they're managing the change effort.

### 2. When resistance occurs, listen carefully.

While it's important to explain the benefits of a change program, employees who are resistant to the change don't always want to hear an explanation of why the change is necessary. Instead, work to understand their resistance by exploring their concerns and by taking their feelings and comments seriously.

### 3. Treat resistance as a problem to solve, not as a character flaw.

Resisters may provide valuable information about a change program—information that you may not be aware of. For example, a resister may reveal an unanticipated consequence of a projected change that could result in a potential threat to either the unit or organization. Instead of dismissing the resister as someone who is negative or inflexible, try to understand his or her rationale and sources of motivation. Doing so can open up new, unexpected possibilities for realizing change.

### 4. Once you understand the nature of their concerns, bring people together to discuss and deal with the perceived problems.

If people feel that they've been heard and have had opportunities to discuss problems and suggest solutions, they are more likely to support the decisions made around the change initiative. Address all concerns head-on and provide people with as much information as possible.

## Steps for creating an effective implementation plan

### 1. Involve people at all levels in the planning and implementation processes.

An implementation plan should not be imposed on the people asked to move it forward. Rather, the people affected by the change should be involved in the creation of the plan. If people have played a part in the development of the plan, they will be more likely to support it.

### 2. Structure the plan in achievable chunks.

Overly ambitious plans are usually doomed to failure. Build a plan that can be tackled in manageable, achievable chunks.

### 3. Specify roles and responsibilities.

Establishing accountability in any implementation plan is essential. Define clear roles and responsibilities from the beginning to avoid any confusion later.

#### 4. Make the plan simple.

An overly complex plan may confuse and frustrate those participating in the change effort. Make your plan clear, concise, and coherent.

#### 5. Build in flexibility.

Change programs seldom follow their planned trajectories or timetables. Thus, a good implementation plan is open to revision.

### Tips for avoiding common change mistakes

- **Don't move forward with a change program unless strong leadership is in place at all levels in an organization.** If you have lots of mediocre managers running a company, your change program won't get very far.
- **Don't underestimate the power of a vision.** Without a sound vision, a change effort can easily dissolve into a list of confusing, incompatible, and time-consuming projects that go in the wrong direction or nowhere at all.
- **Don't undercommunicate the purpose of the change and actions planned.** Without credible information, and a lot of it, employees won't be motivated to change.
- **Don't ignore the importance of generating short-term wins.** If employees do not see compelling evidence that the change program is producing results, they will lose enthusiasm and momentum.
- **Don't impose solutions that have been suggested or developed by someone else.** Instead, develop solutions with the people in the unit(s) who will be most affected by the change.
- **Don't attempt to change everything at once.** Often, managers try to do too much too fast. Unless the organization is in a major crisis, roll out change initiatives on a smaller-scale—for example, in a unit that has strong leadership and a collaborative team of employees. Once the change program takes hold, launch similar initiatives in other units, letting change spread slowly throughout the organization.

### Tips for creating a guiding vision

- **Describe a desirable future**—one that people would be happy to have right now if they could.
- **Make the vision compelling.** It must be better than the status quo so that people will gladly undertake the effort and sacrifice necessary to attain it.
- **Ensure that the vision is realistic.** It must be perceived as being within the grasp of a hardworking group of people.
- **Focus on a manageable and coherent set of goals.**
- **Build in flexibility** so that if the circumstances change, the vision can change too.
- **Make sure the vision is easy to communicate** to all levels of people, both inside and outside of the organization.

### Tips for empowering employees to change

- **Demonstrate trust and respect for employees**—and do it regularly.
- **Encourage innovative thinking.**
- **Delegate**, and don't micromanage.
- **Be flexible**, and demonstrate that flexibility to others.

- Encourage risk-taking and be tolerant of failures.
- Spread decision-making authority around.

## Tips for making near-term wins effective

- **Make the wins visible** so that people see firsthand that their hard work is making a difference toward change.
- **Make the wins unambiguous.** Small gains, such as conducting a productive meeting or resolving a scheduling discrepancy, are not examples of short-term wins.
- **Ensure that the wins have in fact been won** and that you're not declaring victory prematurely.
- **Make sure the wins are related to the change effort.**

## Self-assessment for managers of change

<i>Self-Assessment for Managers of Change</i>		
<i>The questions below relate to characteristics and skills of successful managers of change. Use the questions to evaluate whether you possess these attributes. Use the results to see where you might focus to strengthen your management skills.</i>		
Question	Yes	No
1. Are you accepted by others as trustworthy?		
2. Do others perceive you as competent?		
3. Do you understand the long-range strategy for your unit and organization?		
4. Can you articulate the concerns of your organization's most powerful groups?		
5. Do you know how to develop a clear and compelling vision?		
6. Are you able to articulate the vision of your unit or organization (whether created by you or others)?		
7. Do you know who your key stakeholders are when implementing a change program?		
8. Do you get buy-in from your stakeholders before you move forward on change initiatives?		
9. Do you communicate the scope and benefits of a change program to your key stakeholders and team in terms of what is important to them?		
10. Do you involve those who will be most affected by the change in the planning and implementation processes?		
11. Do you push decision making down to the lowest possible levels in your unit or organization?		
12. Do you know how to motivate others to achieve a change program's goals?		
13. Do you know where to turn for the resources you need?		
14. Are you willing to take calculated risks?		
15. Are you comfortable with a certain level of disruption and conflict?		
16. Do you actively listen to others' concerns?		
17. Do you see and diagnose problems from the perspective of the people to be affected by the change?		
18. When pursuing a goal, do you maintain a positive, focused attitude, despite obstacles?		
19. Do you eliminate barriers that stand in the way of a change program?		
20. Are you aware of how you describe how your own patterns of behavior impact others?		
<p>If you answered "yes" to most of these questions, you possess many of the characteristics and skills needed to be a successful manager of change.</p> <p>If you answered "no" to some or many of these questions, you may want to consider how you can further develop these management skills and attributes.</p>		

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## Worksheet for communicating change

<i>Worksheet for Communicating Change</i>
<i>Use this tool to collect and disseminate information about a change program.</i>
<b>Part I: Gather Information About the Change Initiative</b>
What is the change program and what are its goals?



Why is the change program taking place?

What is the scope of the change program?

What hurdles stand in the way of implementing the change program?

What are the criteria for success, and how will success be measured?

How will people be rewarded for success?

#### Part II: Identify Key Stakeholders and How/What You Will Communicate to Them

Stakeholder	Communication approach	Information that you will communicate (in addition to information in Part I)
Name:  Title:  Responsibilities:	<input type="checkbox"/> One-on-one meetings <input type="checkbox"/> Group meetings <input type="checkbox"/> One-on-one phone calls <input type="checkbox"/> Conference phone calls <input type="checkbox"/> E-mails <input type="checkbox"/> Memos <input type="checkbox"/> Other:	Benefits of change program to this stakeholder:   Disadvantages of change program to this stakeholder:
Name:  Title:  Responsibilities:	<input type="checkbox"/> One-on-one meetings <input type="checkbox"/> Group meetings <input type="checkbox"/> One-on-one phone calls <input type="checkbox"/> Conference phone calls <input type="checkbox"/> E-mails <input type="checkbox"/> Memos <input type="checkbox"/> Other:	Benefits of change program to this stakeholder:   Disadvantages of change program to this stakeholder:
Name:  Title:  Responsibilities:	<input type="checkbox"/> One-on-one meetings <input type="checkbox"/> Group meetings <input type="checkbox"/> One-on-one phone calls <input type="checkbox"/> Conference phone calls <input type="checkbox"/> E-mails <input type="checkbox"/> Memos <input type="checkbox"/> Other:	Benefits of change program to this stakeholder:   Disadvantages of change program to this stakeholder:
Name:  Title:  Responsibilities:	<input type="checkbox"/> One-on-one meetings <input type="checkbox"/> Group meetings <input type="checkbox"/> One-on-one phone calls <input type="checkbox"/> Conference phone calls <input type="checkbox"/> E-mails <input type="checkbox"/> Memos <input type="checkbox"/> Other:	Benefits of change program to this stakeholder:   Disadvantages of change program to this stakeholder:

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<i>Worksheet for Overcoming Obstacles to Change</i>			
Use this tool to keep your team focused on the most important problems standing in the way of implementing change. For each obstacle to your team's progress, list and evaluate options for overcoming it. Also list any allies, additional resources, or special training your team members will need in order to collaborate most effectively on the chosen option.			
Obstacle to Team's Progress	Options for Overcoming the Obstacle	Rank the Options (1=MOST PROMISING, 5=LEAST PROMISING)	Allies, Resources, Special Training

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## Why Develop Others?

"At the end of the day, you bet on people, not strategies."

Larry Bossidy

Former CEO, AlliedSignal

In today's global business environment, markets and regulations change quickly. Competitors constantly innovate. Technological changes are the norm.

In order to outmaneuver the competition and meet the demands of the moment, organizations must be agile. They must execute flawlessly. And they must transform themselves continuously.

Are your leaders ready?

Dr. Noel M. Tichy

Professor

University of Michigan Ross School of Business

We have now entered an era where I don't care what industry you're in, you need leaders who

can make decisions, make judgment calls at every single level. All the way down to the interface with the customer.

If you go to a company like Google or any of the high tech companies, a lot of the innovation that Amazon does is happening right at the front line. Go ahead, try it, put it out there, we'll learn from it. That cannot happen if the senior leadership doesn't have a commitment to both develop the leadership capability, but develop the business through engaging people at all levels of the organization.

### Becoming a teaching organization

I like to tell parents that they cannot delegate their responsibility to develop their children. And I think it is the same in an organization. Day in and day out the person that has the biggest impact on people in the organization is the next level above and the associates around and below. And so to build a learning organization I say is not enough. Learning could be, you know we are learning cooking, we are learning this or that, but teaching organizations, when I learned something, I have a responsibility to teach my colleagues.

So everybody takes responsibility for generating new knowledge and it is not enough to be a learner, you then have to translate it into teaching.

### The Virtuous Teaching Cycle

The role of a leader is to ensure that the people who work for them and around them are better every day. There's only one way to make people better. It's to teach them, learn from them, create what I call "virtuous teaching cycles", not command and control.

A virtuous teaching cycle is teach learn, teach learn. And the leader has a responsibility for reducing the hierarchy, for having a point of view to start the discussion, but then to be responsible to hear everyone's voice, get everyone involved in a disciplined way. It is not a free for all. But it is the leader's responsibility to create that virtuous teaching cycle.

A wonderful example of virtuous teaching cycle is the program that Roger Enrico ran at Pepsi, where every one of the 10 vice presidents comes with a business project.

Roger Enrico gets smarter as result of five days with 10 vice presidents, because he's learning from them. He needs to lower the hierarchy. He needs to be open to learning. And in turn, the people participating need to be energized and empowered to come up and engage in problem solving.

Another example is at Best Buy, where every morning in the stores you would bring 20 associates or so together and they would review the profit and loss statement from the day before, what we learned from the different customer segments in our stores, what we can do to improve our performance this day. And they do that every single day. The store manager was learning mostly from the associates on the floor.

That was a virtuous teaching cycle where everybody is teaching everybody, everybody is learning and the result has been an incredible result at Best Buy.

"The growth and development of people is the highest calling of leadership."

- Harvey S. Firestone

Founder, Firestone Tire and Rubber Co

There are clear advantages to leader-led development.

But for many leaders, taking on teaching, coaching, and other development responsibilities can seem daunting. You might avoid taking on these roles due to lack of time, resources, or your own lack of comfort with this role.

The following tips and resources can help you impart valuable learning to your team every day.

To develop others...

- Start with a Teachable Point of View

The first requirement of being able to develop other leaders is to have what I call a teachable point of view. I often give the example of, if I ran a tennis camp and you just came to day one of the tennis camp, I better have a teachable point of view on how I teach tennis. So you are standing there looking at me and it has got four elements. One, the ideas, well how do I teach the backhand, the forehand, the serve, rules of tennis. Then if I am a good tennis coach, I have a set of values. What are the right behaviors I want, how do I want you to dress, how do I want you to behave on the tennis court.

But if that's all I have, what do I do? Show you a power point presentation and then expect you to hit 500 backhands, 500 serves, run around for eight hours. I have to have a teachable point of view on emotional energy. How do I motivate you to buy in to the ideas and values?

On one end of the spectrum it could be I threaten you with corporal punishment, the other I can give you stock options, I can make you feel good about yourself, I can help you develop as a human being, what motivates you.

And then finally, how do I make the tough judgment calls, the yes/no, decisions as the tennis coach, the ball is in, the ball is out. I don't hire consultants and set up a committee, it is yes/no. And the same with running a business, what are the products, services, distribution channels, customer segments that are going to grow top line growth and profitability of the organization.

What are the values that I want everyone in the organization to have, how do I emotionally energize thousands of people, and then how do I make the yes/no, judgments on people and on business issues. So the fundamental building block of being able to develop other leaders is to have that teachable point of view just like the tennis coach.

To develop others...

- Lead with questions

Questions are hugely important because you want to create dialogue and again, what I call a virtuous teaching cycle where the teacher learns from the students and vice versa. Which means everybody ought to be free to ask whatever is on their mind, whatever it will take to get clarity and understanding, but it is not the leader just coming in and freeform asking questions. I believe the leader has a responsibility for framing the discussion, for having as best they can a teachable point of view, they may need help from their people in flushing it out, but they need to set the stage but then it has to be a very interactive, what I call virtuous teaching cycle environment, teach learn, teach learn, teach learn.

To develop others...

- Make it part of your routine

A good example to me of an outstanding leader developing other leaders is Myrtle Potter who at the time I am commenting was Chief Operating Officer of Genentech running the commercial side of the business. And she would take time at the end of every single meeting and do some coaching of the whole team on how we could perform as a team better, and then she would

often take individuals and say, could we spend 10 minutes over a cup of coffee, I want to give you some feedback and coaching on that report that you just presented on or how you are handling a particularly difficult human resource issue, but it was part of her regular routine. And I think the challenge for all of us as leaders is to make that a way of life and it is built into the fabric of how we lead and it is not a one off event, three times a year. It is happening almost every day.

To develop others...

- Make it a priority

One of the biggest challenges in getting people kind of on this path is to overcome some of their own resistance, either fear or the way I view the world I don't have time for this, everybody can make time. Roger Enrico is CEO of Pepsi. He didn't have time to go off for a week at a time and run training sessions. He had to readjust his calendar. So it requires you to look in the mirror and say, is this important. If it is important, of course I can make the time. Then I have to get over my own anxiety on how well I can do it, but it is a commitment to get on the path that says: this is how I am going to drive my own performance and the performance of my colleagues.

To develop others...

- Learn to teach

I think the biggest mistake is to assume you are going to be good at it right off the bat. It is like learning anything else. First time you go out and try and play tennis, good luck. But you got to stay with it and you got to engage your people in helping make you better and them better. And so it is a journey you need to get on, not I am going to do it perfectly when I start out.

If you want to be a great leader who is a great teacher, it's very simple. You have got to dive into the deep end of the pool. But you've got to dive into the pool with preparation. I don't want you drowning. I want you succeeding. It is extraordinarily rewarding for most human beings to teach others. I think once you can turn that switch on, it is self perpetuating. You get a lot of reinforcement, your team is better. You perform better because your performance goes up and it becomes this virtuous teaching cycle.

Your opportunity to develop others

We've heard why developing others can drive greater business results, and how to make the most of your leader-led development efforts. The materials provided in Develop Others enable you to create personalized learning experiences for YOUR team within the flow of their daily activities. Use the guides and projects to engage your team quickly. And to explore how key concepts apply to them in the context of their priorities and goals.

The value of teaching is the performance of the organization is totally dependent on making your people smarter and more aligned every day as the world changes. In the 21st century we are not going to get by with command and control. We are going to have to get by with knowledge creation. The way you create knowledge in an organization is you create these virtuous teaching cycles where you are teaching and learning simultaneously, responding to customer demands and changes, responding to changes in the global environment. My bottom line is if you're not teaching, you're not leading.

A leader's most important role in any organization is making good judgments — well informed, wise decisions about people, strategy and crises that produce the desired outcomes. When a leader shows consistently good judgment, little else matters. When he or she shows poor judgment nothing else matters. In addition to making their own good judgment calls, good leaders develop good judgment among their team members.

**Dr. Noel M. Tichy**

**Professor, University of Michigan Ross School of Business**

Dr. Noel M. Tichy is Professor of Management and Organizations, and Director of the Global Business Partnership at the University of Michigan Ross School of Business. The Global Business Partnership links companies and students around the world to develop and engage business leaders to incorporate global citizenship activities, both environmental projects and human capital development, for those at the bottom of the pyramid. Previously, Noel was head of General Electric's Leadership Center at Crotonville, where he led the transformation to action learning at GE. Between 1985 and 1987, he was Manager of Management Education for GE where he directed its worldwide development efforts at Crotonville. He currently consults widely in both the private and public sectors. He is a senior partner in Action Learning Associates. Noel is author of numerous books and articles, including:

For more information about Noel Tichy, visit <http://www.noeltichy.com>.

## Share an Idea

Leaders are in a unique position to recognize the ideas and tools that are most relevant and useful for their teams. If you only have a few minutes, consider sharing an idea or tool from this topic with your team or peers that is relevant and timely to their situation.

For example, consider sending one of the three recommended ideas or tools below to your team with your comments or questions on how the idea or tool can be of value to your organization. By simply sharing the item, you can easily engage others in important conversations and activities relevant to your goals and priorities.

[Steps for addressing resistance to change](#)

[Tips for avoiding common change mistakes](#)

[Self-assessment for managers of change](#)

To share an idea, tip, step, or tool with your comments via e-mail, select the EMAIL link in the upper right corner of the page that contains the idea, tip, step, or tool that you wish to share.

## Discussion 1: Addressing reactions to change

Even if you've taken all the steps necessary to implement a positive and successful change program, you may find that peoples' reactions to change vary. Some people welcome the change, while others fear it. It's the manager's job to assess, leverage, and deal with people's individual reactions.

If your unit or organization's change effort is to succeed, then you — and the leaders that report to you—will need to understand people's different perceptions and take action to address their reactions. Use these resources to lead a discussion with your team about addressing the various reactions to change.

Download resources:



[Discussion Invitation: Addressing Reactions to Change](#)  
[Discussion Guide: Addressing Reactions to Change](#)  
[Discussion Slides: Addressing Reactions to Change \(optional\)](#)  
[Tips for Preparing for and Leading the Discussion](#)

The discussion you have with your team will help you and your team assess the level of change support, explore reasons for the various reactions, and try to make the different perspectives part of the solution.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

## Discussion 2: Communicating a shared vision

Managers at all levels in an organization can and do initiate change. It's part of organizational life and essential for progress. However, it isn't enough to just identify and agree on a change. Leaders must get people excited and involved. They must be able to communicate a shared vision in ways that make the benefits of the change effort clear.

If your unit or organization is initiating a change effort, then you will need to develop a shared vision with your team about where your organization is headed. Individuals on your team must then communicate that vision to their units and direct reports. Doing so ensures that all employees understand the change effort that is currently under way.

Use these resources to lead a discussion with your team about developing and communicating a shared vision for a change initiative.

Download resources:

[Discussion Invitation: Communicating a Shared Vision](#)  
[Discussion Guide: Communicating a Shared Vision](#)  
[Discussion Slides: Communicating a Shared Vision \(optional\)](#)  
[Tips for Preparing for and Leading the Discussion](#)

The discussion you have with your team will help your team develop a shared vision of a specific change effort, identify what to communicate to their teams, and leverage effective approaches for communicating that vision.

Working through the discussion guide can take up to 45 minutes. If you prefer a shorter 15- or 30-minute session, you may want to focus only on those concepts and activities most relevant to your situation.

## Start a Group Project

Just like any change effort, successfully incorporating new skills and behaviors into one's daily activities and habits takes time and effort. After reviewing or discussing the concepts in this topic, your direct reports will still need your support to fully apply new concepts and skills. They will need to overcome a variety of barriers including a lack of time, lack of confidence, and a fear of making mistakes. They will also need opportunities to hone their skills and break old habits. To help ensure their success, you can provide safe opportunities for individuals and your team as a whole to practice

and experiment with new skills and behaviors on the job.

For example, to encourage the adoption of new norms, you can provide your team members with coaching, feedback, and additional time to complete tasks that require the use of new skills. Management approaches such as these will encourage team members to experiment with new skills until they become proficient.

Group learning projects provide another valuable technique for accelerating team members' development of new behaviors. A group learning project is an on-the-job activity aimed at providing team members with direct experience implementing their new knowledge and skills. Through a learning project, team members discover how new concepts work in the context of their situation, while simultaneously having a direct and tangible impact on the organization.

The documents below provide steps, tips, and a template for initiating a group learning project with your team, along with two project recommendations for this topic.

Download resources:

[Tips for Initiating and Supporting a Learning Project](#)

[Learning Project Plan Template](#)

[Learning Project: Develop a Communication Plan for a Change Effort](#)

[Learning Project: Overcome Obstacles to Change](#)

## Choosing Strategies for Change

John P. Kotter and Leonard A. Schlesinger. "Choosing Strategies for Change." *Harvard Business Review*, July 2008.

[Download file](#)

### Summary

The rapid rate of change in the world of management continues to escalate. New government regulations, new products, growth, increased competition, technological developments, and an evolving workforce compel organizations to undertake at least moderate change on a regular basis. Yet few major changes are greeted with open arms by employers and employees; they often result in protracted transitions, deadened morale, emotional upheaval, and the costly dedication of managerial time. Kotter and Schlesinger help calm the chaos by identifying four basic reasons why people resist change and offering various methods for overcoming resistance.

## Decoding Resistance to Change

Jeffrey D. Ford and Laurie W. Ford. "Decoding Resistance to Change." *Harvard Business Review*, April 2009.

[Download file](#)

### Summary

When a change initiative falters, the knee-jerk response can be to blame those who won't get on board. Jeffrey Ford, of the Ohio State University, and Laurie Ford, of Critical Path Consultants, examine why that type of reaction is not only pointless but potentially destructive. Drawing on their years of research and consulting work, the authors recommend seeing resistance for what it really is—feedback—and propose five ways for leaders to use that feedback to effect change more productively.

## Overpromoted and Over His Head

Eileen Roche, Bruce Chizen, and Debra Benton. "Overpromoted and Over His Head." *Harvard Business Review*, January 2010.

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### Summary

Dan Sestak has had a charmed career path at packaged-foods giant NutriSelect. But when the CEO unexpectedly passes away just months after Dan is tapped as his successor, he finds himself thrust into the role before he feels ready. Two experts comment on this fictional case study: Bruce Chizen, former CEO of Adobe, remembers what it's like to step into big shoes and advises Dan to acknowledge his weaknesses and reach out to his top team for guidance. Executive coach Debra Benton proposes a few strategic firings to show detractors that Dan means business.

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